



PRESS RELEASE

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IMPORTANCE OF FINANCING FOR SMALL AND MEDIUM ENTERPRISES IS ANALYZED

SAN SALVADOR— The U.S. Agency for International Development (USAID), through its Financial Services for Small and Medium Enterprises (SMEs) Program, held a workshop today on the importance of SMEs for the financial sector in El Salvador.

As SMEs in other countries have achieved success in job creation and export capacity increase, the workshop objective was to raise awareness among the financial sector on the importance of SMEs in El Salvador, said Sandra Lorena Duarte, of USAID.

During the workshop, led by international speaker Juan Carlos Ramirez, participants identified the difficulties that SMEs face in order to obtain financing from banks, cooperatives and non-government organizations (NGOs), as well as the obstacles these institutions face in materializing loans and service allocation for SMEs. Moreover, speakers described the characteristics of these businesses, and Luis Membreño, of Inversiones Columa, presented the conclusions of a marketing study.

It participants concluded that the companies' financial culture is incipient, and that there is a gap in information, lack of training to fill loan applications, little use of advantages offered by the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), and distrust from bank institutions. On the other hand, bank representatives pointed out that they do not have appropriate technology to serve SMEs, that loan operations are given fundamentally on the basis of real guarantees—as SMEs are perceived as a high-risk sector—and that there are regulations that hinder appropriate service to SMEs.

Workshop participants came from commercial banks, workers' banks and non-bank institutions associated with the USAID program: Banco Cuscatlan, Hipotecario, Promerica, Agrícola, Salvadoreño, America Central, FEDECREDITO, Primer Banco, Bantsoy, Izalqueño, Apoyo Integral, S.A., and Sociedad Cooperativa AMC. Moreover, the workshop was attended by special guests from the Inter-American Development Bank, FUNDAPYME, Banco Multisectorial de Inversiones, Superintendent of Financial System, National Commission for Micro and Small Enterprise (CONAMYPE), and the Foundation for Economic and Social Development (FUSADES), among others.

One of USAID's strategic objectives in El Salvador is to support economic growth through increased export capacity, job creation and expanded economic freedom. USAID's Financial Services for SMEs Program was created to support actions to increase loan access and other financial services for this sector.

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